HOUSING MARKET INFORMATION

HOUSING MARKET OUTLOOK
Vancouver and Abbotsford CMAs

CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Fall 2013

Highlights

- In 2014, housing starts are expected to edge slightly higher.
- MLS® home sales are forecast to increase.[1]
- Average MLS® prices will be supported by improving fundamentals through 2014.
- Rental vacancy rate is forecast to rise.

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Figure 1

Source: CMHC

[1] The forecasts included in this document are based on information available as of October 16, 2013.

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New Home Market: Housing Starts to Edge Higher in 2014

Housing starts in the Vancouver Census Metropolitan Area (CMA) are forecast to edge higher in 2014. The annual change in single-detached home and multiple-family starts will be marginal with a small increase in denser housing forms, offset by a modest decline in single-detached home starts. A well-supplied resale market in the first half of 2013 and slower job growth were two of the factors contributing to rising inventories of completed and unabsorbed housing units. This is expected to bring some pause in the development of new projects in the near-term. Expectations are for housing starts to total 18,400 units in 2014, compared to a projected 18,200 units for 2013.

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Figure 2

Sources: CMHC

Although the absorption of newly constructed homes has risen compared to a year ago, the inventory of completed and unabsorbed housing units is rising as new homes are completed at a faster pace than they are absorbed.[2] As of September 30th, 2013, there were 3,961 homes in inventory, up approximately 28 per cent from a year ago. The increase was evident across most home types and tenure types in the new home market, except for apartment condominiums, where the increase was marginal.

Well placed and well priced condominiums remain in demand. However, there are some examples of incentives being offered, such as free or discounted upgrades and mortgage interest rate buy-downs, to bolster the sales of new condominium apartments. Other developers have postponed their projects until existing inventories of new product are drawn down[3].

The increasing popularity of building single-detached homes with a laneway house will continue to support new single-detached home prices in the Vancouver CMA[4]. This increase will likely carry through 2014 with more new homes built with laneway homes. As laneway homes become more common, the magnitude of price increase will be reduced. By 2014, the median and average price of a single-detached home is forecast to reach $1 million and $1.4 million, respectively.

Existing Home Sales to Increase in 2014[5]

Vancouver's existing home sales[6] have been trending higher during 2013 following a period of dampened sales activity in the fall of 2012. Meanwhile, new listings trended lower. As sales

[2] The term "absorbed" means that a housing unit is no longer on the market (i.e. has been sold or rented). This usually happens when a binding contract is secured by a non-refundable deposit and has been signed by a qualified purchaser. The purpose of the CMHC Market Absorption Survey is to measure the rate at which units are sold or rented after they are completed, as well as collect prices.

[3] Source: CMHC, adapted from MPC Intelligence; Vancouver Sun

[4] Laneway homes were approved in the City of Vancouver in 2011.

and new listings realigned, the existing home market returned to balanced market conditions from buyers' market conditions.

With a pickup in economic and job growth projected for 2014, housing demand in the Vancouver CMA is expected to ride the momentum of a rebounding market and post some positive annual gains. Sales of existing homes are forecast to increase about eight per cent and the average MLS® price to grow one per cent in 2014. Market conditions will likely remain in balanced territory in 2014 as new listings rise in tandem with existing home sales, keeping price gains in check.

Year-to-date sales of existing homes through the MLS® system declined sharply year-over-year through May before showing signs of a turnaround in June and then a rebound in July and August. By the end of September 2013, year-to-date sales gained approximately six per cent. A closer look at the composition of sales revealed some interesting trends:

- There was a slight shift in market share toward single-detached homes and townhouses from condominium apartments;
- Generally higher priced markets like West Vancouver, Vancouver West, Burnaby, and Richmond, gained market share at the expense of markets like New Westminster, Coquitlam, Port Coquitlam, Maple Ridge and Pitt Meadows;
- There has been an increased interest in larger homes as indicated by the sale of homes with the a higher number of bedrooms[7]; and
- There has been an increase in the number of higher priced home sales within the luxury home category (homes priced above $3 million).

During the first nine months of 2013, single-detached homes that sold for at least $3 million recorded an increase in their share in terms of volume of sales even though their share in terms of number of sales remained relatively unchanged. Luxury single-detached homes accounted for over 18 per cent of the total volume of sales, up from 15 per cent the same period a year ago. A similar observation can be made for condominium apartments that were sold for at least $1 million each.[8]

As a result of these trends in market share at the higher end of the price spectrum, true price movements were masked and the average MLS® price defied expectations for a price decline in 2013. In fact, year-to-date, the average MLS® price was nearly four per cent higher than recorded during the same period of 2012. Even though the shifts in market share from condominium apartments to townhouses and single-detached homes may seem small, the magnitude of price difference among the three product types is large enough to influence the overall average price. On average in the housing markets covered by the Real Estate Board of Greater Vancouver (REBGV), a single-

Figure 3

Existing Single-detached Home Sales in the City of Vancouver - Market Share Gains Highest in Premium Markets

Year-over-year change in market shares, Jan – Aug 2013
Source: CMHC, adapted from REBGV

[5] This section deals with the resale market in the Real Estate Board of Greater Vancouver area. This area does not include Surrey, Langley, White Rock, nor North Delta. Please see the Fraser Valley resale section of this report for commentary on these communities as well as the Abbotsford-Mission CMA.

[6] MLS® is a registered trademark of the Canadian Real Estate Association (CREA).

[7] For single-detached homes, the year-over-year increase in market share was most evident in homes with five or more bedrooms (40 per cent from 37 per cent); homes with three or fewer bedrooms lost market share (29 per cent from 32 per cent). Source: CMHC, adapted from REBGV

[8] Source: CMHC, adapted from REBGV

detached house costs approximately 2.6 times that of a condominium apartment; a townhouse is priced about 25 per cent more than a condominium apartment.

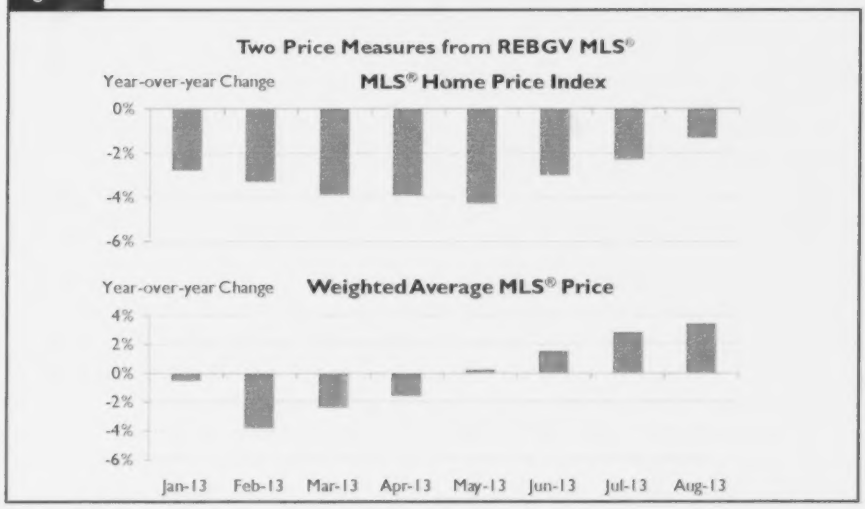
In addition, the shifts towards more expensive neighbourhoods, especially for single-detached homes, pushed the average MLS® price higher in 2013 compared to 2012. For example, for single-detached home sales within the City of Vancouver, higher-priced markets like Shaughnessy, Kerrisdale, and Point Grey gained market share at the expense of less costly neighbourhoods. By comparing the average MLS® price to the MLS® Home Price Index (HPI), which was developed to provide additional insight into price movement by controlling for changes in housing characteristics, the divergence is clear for all housing type.[9] However, this deviation is most evident for single-detached homes.

Some of the recent trends in sales will likely carry into 2014, but some re-alignment in homebuyer preference will also occur and limit the magnitude of increase in the average MLS® price even though sales are projected to increase. As well, the inventory of newly completed but unabsorbed homes will also compete with the existing home market for potential homebuyer interest.

Vancouver CMA Rental Vacancy to Rise

The purpose-built rental apartment vacancy rate is forecast to move higher in 2013 and 2014. The number of new purpose-built rental apartments completed during the first half of 2013 – 1,047 units – is at the highest level in the last ten years. The impact of this addition to supply on the vacancy rate will be mitigated by an increase in demand stemming from an expected pickup in employment, and increased net international migration. As a result, the vacancy rate is expected to rise to 2.1 per cent in 2013, from 1.8 per cent in 2012, and edge up further to 2.2 per cent in 2014 as more new rental supply is added to the purpose-built rental market.

Figure 4



Source: REBGV

Average rents are forecast to increase. A larger supply of new or renovated rental units will likely attract some renters from older rental stock. These new or renovated rental units tend to have upgraded amenities, such as in-suite laundry and condo-quality fixtures. Therefore, the asking rents tend to be higher. Increased availability of such condo-quality purpose-built rental units will also pose some competition for the secondary rental market and exert a moderating force on the magnitude of secondary market rent increases.

Economic Outlook to Support Housing Demand

Employment and population changes are two of the key drivers behind housing demand in the Vancouver CMA. The impact of full-time job gains on homeownership demand often lags as purchasing a home is a major decision and requires some income stability for most to undertake. Overall, employment in the Vancouver CMA was below 2012 levels based on data to August, following a two per cent increase in 2012. Employment is forecast to remain steady for the rest of 2013, resulting in a marginal contraction in 2013 before posting positive growth of 1.5 per cent in 2014.

Vancouver, with its major shipping and transportation links to the Asia/Pacific and US, is positioned to benefit from improvement in the global outlook in 2014. Over the next year, the recovering US economy, which is a major trading partner for British

[9] The MLS® Home Price Index (MLS® HPI) is a tool to measure home price trends in Greater Vancouver and other major markets in the country. The MLS® HPI was developed by five of Canada's largest real estate boards – Greater Vancouver, Fraser Valley, Calgary, Toronto and Montreal – and the Canadian Real Estate Association.

Columbia, should help to counter the effect of moderating economic expansion in China. Moreover, Japan, another main export market for British Columbia, is showing some early signs of an economic turnaround.

Looking ahead, a strengthening economy should help full-time employment gain more traction for all age groups and encourage more first-time homebuyer activity. As most first-time homebuyers would tend to choose more modestly priced housing options, this would likely limit the extent of increase in the average MLS® price in 2014 despite an increase in existing home sales.

Population growth in the Vancouver CMA is largely driven by migration. The majority of people moving to British Columbia, especially for those from foreign countries, choose to live in the Vancouver CMA. Net migration is forecast to remain flat in 2013 before posting positive gains in 2014 which will support housing demand.

Mortgage rates to potentially see modest and gradual increases but will remain low by historical standards

Following the June meeting of the Federal Open Market Committee (FOMC) of the U.S. Federal Reserve Board, interest rates rose modestly and then remained steady in both the U.S. and Canada. According to the Federal Reserve Bank of New York, this reflected a change in the risk assessment of investors and not a change in the expected future path of interest rates.[10]

CMHC's interest rate forecast mirrors this view. Hence, mortgage rates have been slightly revised up in the third quarter of 2013. Nevertheless, this interest rate outlook will continue to be supportive of housing market activity over the forecast horizon, as mortgage rates will remain low by historical standards.

By the end of 2014, mortgage rates are forecast to be somewhat higher than in the third quarter of 2013. According to CMHC's base case scenario for 2013, the average for the one-year posted mortgage rate is forecast to be within 3.00 per cent to 3.50 per cent, while the average for the five-year posted mortgage rate is anticipated to be within 5.00 per cent to 5.50 per cent. For 2014, the average for the one-year posted mortgage rate is expected to rise and be in the 3.25 per cent to 3.75 per cent range, while the average for the five-year posted mortgage rate is forecast to be within 5.25 per cent to 6.00 per cent.

[10] Preparing for Takeoff? Professional Forecasters and the June 2013 FOMC Meeting." Federal Reserve Bank of New York (2013). Richard Crump, Stefano Eusepi, and Emanuel Moench (http://libertystreeteconomics.newyorkfed.org/2013/09/preparing-for-takeoff-professional-forecasters-and-the-june-2013-fomc-meeting.html)

Trends at a Glance

Key factors and their Effects on Housing Starts	
Mortgage Rates	Mortgage rates are expected to rise gradually over the forecast horizon but remain near historical low levels. Current mortgage rates are supportive of housing demand.
Population	Steady migration to support long-term housing demand in the Vancouver CMA.
Employment	Employment growth has moderated to 0.3 per cent during the first eight months of 2013. A pick up to 1.5 per cent in 2014 should benefit housing demand.
Income	Real average weekly earnings were up in 2013 and will help support housing demand in 2014.
Resale Market	Total MLS® sales in Greater Vancouver in 2013 have recovered lost ground and gained 2 per cent on 2012. Increased interest in single-detached homes has pushed up the average MLS® price. 2014 will build on the momentum of the latter half of 2013 and improved economic fundamentals and post an increase in MLS® sales. Average MLS® price will increase but the magnitude will be limited by increasing new listings in tandem with increased sales.
Supply of New Completed and Unabsorbed Units	Completed and unabsorbed inventory higher and will likely moderate new construction activity.
Units Absorption	To date in 2013, absorptions up mainly due to higher completions. However, increased absorptions have been insufficient to draw down inventory of completed and unabsorbed units.

Forecast Risks

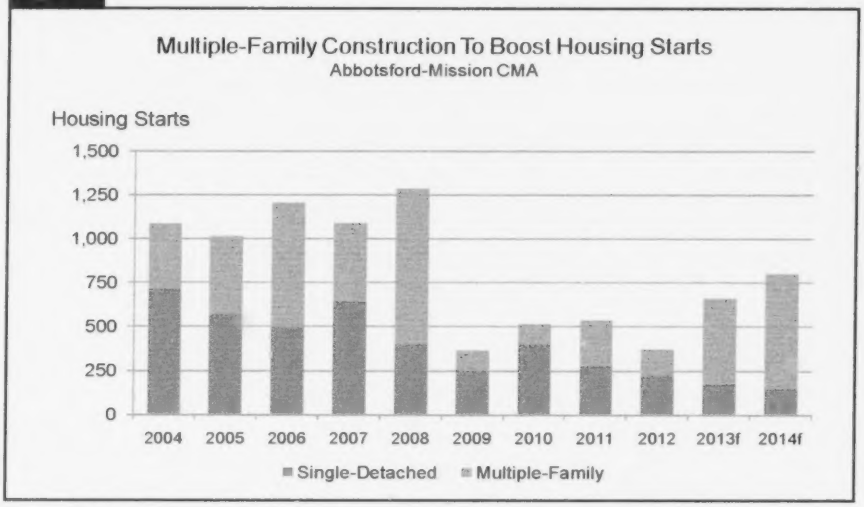
This forecast is subject to some risks, including the following:

- A stronger than expected U.S. economic recovery or stronger growth in emerging countries could positively impact British Columbia and Vancouver economic growth, contributing to a higher level of activity in the province's housing markets, including Vancouver.
- A weaker than expected Chinese economy in 2014 could impact the provincial and Vancouver economic outlook. British Columbia has been building business relations with China and a large number of Chinese immigrants living in the Vancouver CMA still have economic ties to China.
- Elevated levels of household debt and housing prices have made the country's economy more vulnerable to some economic shocks. If interest rates or unemployment were to increase sharply and significantly, some of the more heavily indebted household could be forces to liquidate some of their assets, including their homes. This could put downward pressure on house prices and, more generally, on housing market activity.

Abbotsford-Mission Highlights

- IIncreased multiple-family construction, including new rental units, is forecast to push total housing starts above the 15-year average next year.
- MLS® sales in the Abbotsford-Mission CMA and Fraser Valley Real Estate Board area are expected to increase modestly in 2014.
- Fewer listings and more sales of single-detached homes are forecast to increase home prices in 2014.
- Although leading other large centres in BC, employment growth is expected to slow in the Abbotsford-Mission CMA during the forecast period, following a strong year in 2012.
- Rental vacancy rates are expected to be below 4.0 per cent.

Figure 1



Source: CMHC Starts and Completion Survey, Forecast CMHC

Housing Starts Expected in Increase the Abbotsford-Mission CMA

Housing starts picked-up the pace during the first eight months of the year of 2013, surpassing 2012 levels. This trend is expected to continue through 2014. Housing starts in the Abbotsford-Mission CMA are projected to increase to 665 homes in 2013 and 800 homes in 2014, from 371 homes in 2012. This level of housing starts for 2014 is above the 15-year average of 766 homes in the CMA.[1]

An increase in multiple-family construction will boost total housing starts in 2014. Part of the increase in multiple-family construction will come from new rental housing. During the first eight months of 2013, 234 apartment rental units (structures with 6 units or more) were started. This level of apartment rental starts is the highest in the last 20 years, surpassing the 229 apartment rental starts recorded in 2002. A number of reasons contributed to the increase in rental starts. One reason is relative land prices. The average price for land zoned residential in the Abbotsford-Mission CMA is lower than centres in the Vancouver CMA, such as Surrey and Langley.[2] Another reason is higher demand for newer rental units relative to older units. The vacancy rate for rental suites built after the year 2000 was 0.6 per cent, considerably lower than the overall average of 4.2 per cent for all rental units.[3]

A ramp-up in construction of apartment condominium projects is forecast for 2014 due to population growth in the first-time homebuyer demographic. Between 2006 and 2011, the population for this age group grew 10.2 per cent to 22,305 persons, higher than the 7.0 per cent total population increase for the Abbotsford-Mission CMA.[4] The absorption of completed and unabsorbed apartment condominiums has trended lower during the year, albeit slowly. Projects that are well-located and competitively priced have achieved high absorption levels likely reflecting ownership demand from this age demographic.

The outlook for housing starts will be mixed for ground-oriented dwelling types (single-detached, semi-detached and row). Construction of

[1] The 15-year average is used to capture a full housing cycle in the Abbotsford-Mission CMA.

[2] Taken from the Fraser Valley Real Estate Board, 2013 year-to-date (January - August) average land prices zoned residential in Abbotsford-Mission CMA was $235,725 compared to $610,163 in Langley and $433,200 in Surrey.

[3] CMHC's 2012 Fall Rental Report

[4] Census of Canada, Statistics Canada

single-detached homes is expected to decline to 175 in 2013 and 150 in 2014, from 224 in 2012. The decline in single-detached starts can be partly attributed to lower demand as monthly absorptions of newly completed units have been near or below 50 per cent through 2013, lower than the 15-year average of 60 per cent in the CMA.[5] Semi-detached and row construction is expected to pick up as a number of projects are nearing the end of the pre-development phase. Even though the number of completed and unabsorbed row units has risen in 2013, developers are moving ahead with starts in anticipation that demand for this home type will increase in 2014.

Figure 2

Source: Canadian Real Estate Association, Forecast CMHC

Modest Increases in MLS® Sales Predicted in the Fraser Valley

The Fraser Valley Real Estate Board market will remain in balanced demand and supply conditions with MLS® sales rising modestly, while new listings are forecast to decrease slightly. Despite increases in employment and growth in the number of households, quarterly MLS® sales in the Fraser Valley have declined since the beginning of 2012 on a year-over-year basis. MLS® sales are forecast at 12,250 transactions in 2013 and 12,500 sales in 2014, both below the 15-year average of 14,866 sales.

The average MLS® price is forecast at $485,000 in 2013, close to the 2012 average, and is expected to reach $500,000 in 2014. A combination of lower listings and a higher share of single-detached purchases compared to lower-priced multiple-family home sales have kept MLS® prices steady in 2013. Historically in the Fraser Valley, new listings lag sales. Fewer sales in 2013 have led to a decline in new listings. This lag time will keep new listings slightly lower in 2014 as sales moderately increase.

Though total sales were down in all centres that make up the Fraser Valley Real Estate Board area through the first eight months of 2013, the demand for single-detached houses increased. The share of single-detached purchases rose from 55 per cent of all MLS® sales in Q1,2013 to 60 per cent in Q2,2013.[6]

Langley, Abbotsford and Mission account for an increasing share of MLS® sales in the Fraser Valley Real Estate Board market. Surrey, which makes up the largest proportion of sales for the Fraser Valley Real Estate Board, saw its share drop from 43 per cent in 2012 to 39 per cent in the first eight months of 2013. Lower housing prices in centres further away from the Vancouver CMA, and improved transportation networks, such as the opening of the Port Mann Bridge, which has lowered the travel time travel between the Fraser Valley and Greater Vancouver, are two possible reasons for this shift in market share.

In the Abbotsford-Mission CMA, MLS® sales are forecast to hold steady at 2,350 in 2013 from 2,332 in 2012, and edge higher to 2,400 in 2014. The forecast levels are on par for the last two years but below the 15-year MLS® sales average of 2,876 in the CMA. Price growth will remain flat during the forecast period, as lower demand will offset lower listings and keep the market closer to buyers' market conditions. Abbotsford City, which accounts for nearly 80 per cent of all sales in the CMA, has had its share of MLS® sales of lower-priced multiple-family homes trend higher since the fourth quarter of 2011. Increased demand for multiple-family homes is expected to continue into 2014.

[5] Absorption upon completion may be an indication of pre-sale activity.

[6] Market share of single-detached homes is the ratio of single-detached homes sold to total MLS® sales.

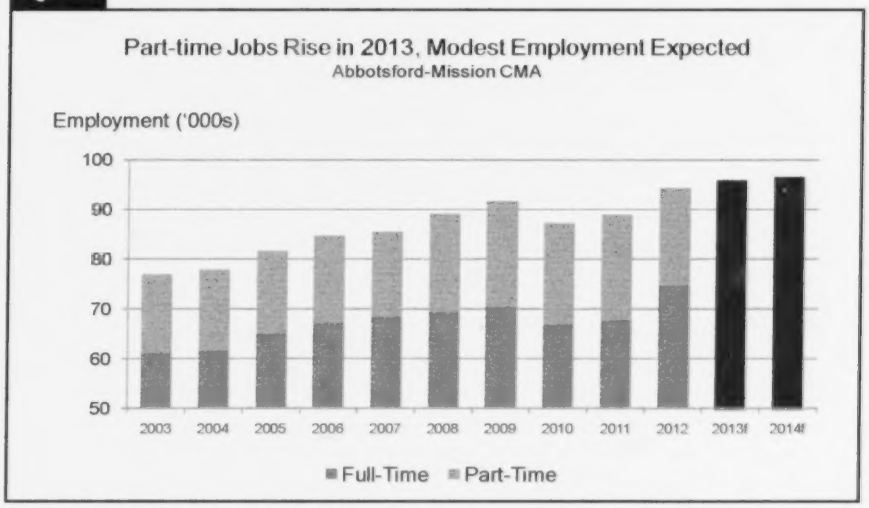
Vacancy Rates in the Rental Market Will continue to Decline

Vacancy rates for the Abbotsford-Mission CMA are forecast to move down to 3.9 per cent in 2013 and 3.7 per cent in 2014, from 4.2 per cent in 2012. This will be the first time that vacancy rates will move below four per cent since the fall of 2008, when the vacancy rate was 2.6 per cent. Demand for rental accommodations is expected to increase as slower employment growth will limit people wanting to get into homeownership, especially younger age groups. Unemployment rates for people aged 15 to 24 have consistently been close to 15 per cent since the second quarter of 2009, whereas the 15-year average is significantly lower at 11 per cent.

Higher demand for rental accommodations will increase total average rents. The largest rent increases are expected in rental units built after the year 2000. Demand for these units is strong, with vacancy rates less than one per cent during the last two years. Also, any new rental supply that is completed in 2014 is expected to be fully absorbed within a relatively short period. The average rent for accommodations built prior to 2000 will increase, but at a slower pace than newer units due to lower demand as indicated by the higher vacancy rates for these older units.[7]

The secondary rental market, which is 2.5 times larger than the purpose built rental stock in the CMA, is likely to continue to draw renters away from purpose-built rental buildings. To compete with these newer structures, owners of older buildings will likely either hold rents steady as incentives for renters, or update their suites to attract a higher rent.

Figure 3



Source: Statistics Canada, Forecast CMHC

Moderate Economic Growth will Impact Housing Demand

Moderating employment growth will affect housing demand into 2014. While the CMA recorded 5.5 per cent employment growth in 2012, the pace has slowed but remains above the provincial and Vancouver CMA growth rates. For the first eight months of 2013, employment has increased 3.6 per cent above 2012 levels, compared to no growth in provincial employment during the same period. The slower pace of growth is expected to continue into 2014. Employment is forecast to increase 2.0 per cent in 2013 and 1.0 per cent in 2014.

Employment gains in the Abbotsford-Mission CMA in 2013 have been in part-time positions while full-time positions have remained at 2012 levels. Average weekly earnings have been similar to 2012 earnings.

Agriculture, one of the area's mainstay industries, has shown improvement, with employment gains through the middle of 2013. The interest of food security and consumption of food grown locally has risen in the last few years, resulting in economic benefits for farms in the area. Off-shoot industries, such as food manufacturing and transportation has also benefitted from the agriculture industry, with employment levels increasing or holding steady. Overall, agriculture and related industries are expected to expand during the forecast period.

The outlook for manufacturing in general is set to improve despite recording job reductions in 2013. Improvement in the US housing market will increase demand for wood manufacturing into 2014. However, slowdowns in the global economy and a relatively high Canadian dollar against other currencies will

[7] CMHC's 2012 Fall Rental Survey

moderate growth in other areas of manufacturing in the region.

Higher housing starts will increase total construction output in 2014. Also, non-residential permits in the CMA have slightly increased in 2013. Construction is expected to pick up further in 2014 as a number of large residential and non-residential developments are starting to go through the pre-development phase.

Migration into the Abbotsford-Mission CMA remains low relative to past years, with net gains of 1,140 people projected in 2013 and 1,170 people in 2014. While international migration is expected to pick up, interprovincial out-migration from the province continues. The number of households is expected to grow by 2.5 per cent in 2013 and 2.6 per cent in 2014, but will be below the pace of neighbouring Langley, which will see growth above 3.0 per cent during the same period.[8]

[8] Data obtained through BC Stats' Sub-Provincial People Projections (P.E.O.P.L.E 2013)

Trends at a Glance

Key factors and their Effects on Housing Starts	
Mortgage Rates	Mortgage rates are expected to increase gradually and steadily, over the forecast horizon. However, they will remain low by historical standards. Current mortgage rates are supportive of housing demand.
Population	Population growth is positive but slowing due to lower international migration levels and increasing out migration to other provinces.
Employment	Employment growth during the first eight months of 2013 is 3.6 per cent, above the provincial growth rate. However, job growth has been in part-time positions while full-time positions have remained steady.
Income	Real average weekly earnings were flat in 2013 as part-time jobs outpaced full-time jobs.
Resale Market	Total MLS® sales in the Fraser Valley for the first eight months of 2013 were below last year's levels while lower listings and increased demand for single-detached houses has lifted the average price. MLS® sales were up over 2012 levels, but prices have remained flat in the Abbotsford-Mission CMA.
Supply of New Completed and Unabsorbed Units	Mixed results as the supply of new single-detached houses and apartment condominiums have been trending down while row units have been increasing in 2013.
Units Absorption	Absorptions have picked-up for new unabsorbed units that were completed in the previous month (previous inventory), especially for single-detached houses.

Forecast Summary Vancouver CMA Fall 2013							
	2010	2011	2012	2013f	% chg	2014f	% chg
New Home Market							
Starts:							
Single-Detached	5,122	4,798	4,5[illegible]	3,900	-13.6	3,800	-2.6
Multiples	10,095	13,069	14,51[illegible]	14,300	-1.5	14,600	2.1
Semi-Detached	414	502	480	450	-6.3	300	-33.3
Row/Townhouse	2,324	2,836	2,389	2,200	-7.9	2,300	4.5
Apartments	7,357	9,731	11,642	11,650	0.1	12,000	3.0
Starts - Total	15,217	17,867	19,027	18,200	-4.3	18,400	1.1
Average Price ($):							
Single-Detached	925,852	1,074,379	1,224,974	1,330,000	8.6	1,430,000	7.5
Median Price ($):							
Single-Detached	699,000	798,000	899,000	950,000	5.7	1,000,000	5.3
New Housing Price Index (% chg)	3.3	-0.3	-0.5	-0.2	-	2.1	-
Resale Market							
MLS® Sales	31,144	32,936	25,445	26,800	5.3	29,000	8.2
MLS® New Listings	59,818	61,307	60,015	59,100	-1.5	56,900	-3.7
MLS® Average Price ($)	675,853	779,730	730,063	756,000	3.6	765,000	1.2
Rental Market							
October Vacancy Rate (%)	1.9	1.4	1.8	1.5	-0.3	1.2	-0.3
Two-bedroom Average Rent (October) ($)	1,195	1,237	1,261	1,300	-	1,330	-
One-bedroom Average Rent (October) ($)	940	964	982	1,015	-	1,055	-
Economic Overview							
Mortgage Rate (1 year) (%)	3.49	3.52	3.17	3.00 - 3.25	-	3.25 - 3.75	-
Mortgage Rate (5 year) (%)	5.61	5.37	5.27	5.00 - 5.50	-	5.25 - 6.00	-
Annual Employment Level	1,219,600	1,250,700	1,274,400	1,272,000	-0.2	1,291,000	1.5
Employment Growth (%)	1.3	2.6	1.9	-0.2	-	1.5	-
Unemployment rate (%)	7.5	7.3	6.7	7.0	-	7.3	-
Net Migration	42,642	27,558	29,786	29,300	-1.6	30,000	2.4

MLS® is a registered trademark of the Canadian Real Estate Association (CREA).

Source: CMHC (Starts and Completions Survey, Market Absorption Survey), adapted from Statistics Canada (CANSIM), CREA, Statistics Canada (CANSIM)
NOTE: Rental universe = Privately initiated rental apartment structures of three units and over

Forecast Summary
Abbotsford-Mission CMA
Fall 2013

	2010	2011	2012	2013f	% chg	2014f	% chg
New Home Market							
Starts:							
Single-Detached	397	279	224	175	-21.9	150	-14.3
Multiples	119	258	147	490	**	650	32.7
Semi-Detached	2	2	2	2	0.0	10	**
Row/Townhouse	75	135	88	78	-11.4	185	137.2
Apartments	42	121	57	410	**	455	11.0
Starts - Total	516	537	371	665	79.2	800	20.3
Average Price ($):							
Single-Detached	562,751	566,430	571,386	575,000	0.6	580,000	0.9
Median Price ($):							
Single-Detached	549,000	549,900	528,037	545,000	3.2	555,000	1.8
New Housing Price Index (% chg) (B.C.)	2.6	-0.4	-0.8	-0.9	-	0.5	-
Resale Market(1)							
MLS® Sales	13,977	14,727	13,083	12,250	-6.4	12,500	2.0
MLS® New Listings	28,146	28,297	27,786	26,000	-6.4	25,500	-1.9
MLS® Average Price ($)	451,221	502,562	483,730	485,000	0.3	500,000	3.1
Rental Market							
October Vacancy Rate (%)	6.5	6.7	4.2	3.9	-0.3	3.7	-0.2
Two-bedroom Average Rent (October) ($)	785	800	818	825	-	850	-
One-bedroom Average Rent (October) ($)	655	663	661	680	-	695	-
Economic Overview							
Mortgage Rate (1 year) (%)	3.49	3.52	3.17	3.00 - 3.25	-	3.25 - 3.75	-
Mortgage Rate (5 year) (%)	5.61	5.37	5.27	5.00 - 5.50	-	5.25 - 6.00	-
Annual Employment Level	89,500	86,600	91,400	93,200	2.0	94,100	1.0
Employment Growth (%)	2.3	-3.2	5.5	2.0	-	1.0	-
Unemployment rate (%)	8.0	8.9	7.9	7.2	-	7.0	-
Net Migration	1,776	1,205	1,143	1,138	-0.4	1,167	2.5

MLS® is a registered trademark of the Canadian Real Estate Association (CREA).

Source: CMHC (Starts and Completions Survey, Market Absorption Survey), adapted from Statistics Canada (CANSIM), Fraser Valley Real Estate Board (figures may differ from CREA due to inclusion of only single detached and condo data), Statistics Canada (CANSIM)

NOTE: Rental universe = Privately initiated rental apartment structures of three units and over

(1) Resale Market data and forecasts are for the Fraser Valley Real Estate Board Area (Includes Surrey, Langley, North Delta, White Rock, Abbotsford and Mission). Abbotsford CMA Resale Market data is published in the Housing Market Outlook - BC Regional Highlights.

** Percentage change more than 200 per cent.

DEFINITIONS AND METHODOLOGY

New Home Market

Historical home starts numbers are collected through CMHC's monthly Starts and Completions Survey. Building permits are used to determine construction sites and visits confirm construction stages. A start is defined as the beginning of construction on a building, usually when the concrete has been poured for the whole of the structure's footing, or an equivalent stage where a basement will not be part of the structure.

Single-Detached Start:
The start of a building containing only one dwelling unit, which is completely separated on all sides from any other dwelling or structure.

Semi-Detached Start:
The start of each of the dwellings in a building containing two dwellings located side-by-side, adjoining no other structure and separated by a common or party wall extending from ground to roof.

Row (or Townhouse) Start:
Refers to the commencement of construction on a dwelling unit in a row of three or more attached dwellings separated by a common or party wall extending from ground to roof.

Apartment and other Starts:
Refers to the commencement of construction on all dwellings other than those described above, including structures commonly known as stacked townhouses, duplexes, triplexes, double duplexes and row duplexes.

Average and Median Single Detached Home Prices:
Are estimated using CMHC's Market Absorption Survey, which collects home prices at absorption and measures the rate at which units are sold or rented after they are completed. Dwellings are enumerated each month after a structure is completed until full absorption occurs. The term "absorbed" means that a housing unit is no longer on the market as it has been sold or rented.

New Home Price Indexes:
Changes in the New Home Price Indexes are estimated using annual averages of Statistics Canada's monthly values for New Housing Price Indexes (NHPI).

Resale Market

Historical resale market data in the summary tables of the Housing Market Outlook Reports refers to residential transactions through the Multiple Listings Services (MLS) as reported by The Canadian Real Estate Association (CREA). In Quebec, this data is obtained by the CENTRIS listing system via the Quebec Federation of Real Estate Boards.

MLS (CENTRIS in the province of Quebec) Sales:
Refers to the total number of sales made through the Multiple Listings Services in a particular year.

MLS (CENTRIS in the province of Quebec) Average Price:
Refers to the average annual price of residential transactions through the Multiple Listings Services.

Rental Market

Rental Market vacancy rates and two bedroom rents information is from Canada Mortgage and Housing Corporation's (CMHC's) October Rental Market Survey (RMS). Conducted on a sample basis in all urban areas with populations of 10,000 and more, the RMS targets privately initiated structures with at least three rental units, which, have been on the market for at least three months. The survey obtains information from owners, managers, or building superintendents through a combination of telephone interviews and site visits.

Vacancy Rate:
The vacancy rate refers to the average vacancy rate of all apartment bedroom types. A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Two Bedroom Rent:
The rent refers to the average of the actual amount tenants pay for two bedroom apartment units. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water.

Economic Overview

Labour Force variables include the Annual Employment Level, Employment Growth, Unemployment Rate. Source: Statistics Canada's Labour Force Survey.

Net Migration:
Sum of net interprovincial (between provinces), net intra-provincial (within provinces), net international (immigration less emigration), returning Canadians and temporary (non-permanent) residents as provided to the CANSIM database by Statistics Canada's Demography Division. Sources of inter-provincial and intra-provincial migration data include a comparison of addresses from individual income tax returns for two consecutive years from Canada Revenue Agency (CRA) taxation records. The migration estimates are modelled, with the tax file results weighted to represent the whole population.

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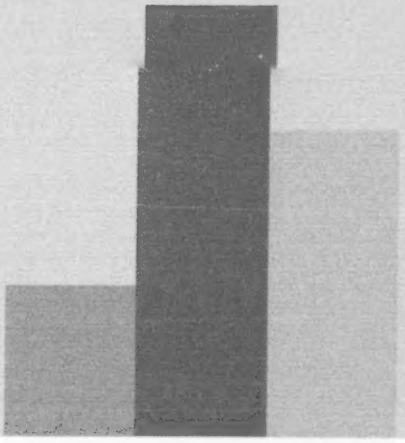

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- Canadian Housing Statistics
- Housing Information Monthly
- Housing Market Outlook, Canada
- Housing Market Outlook, Highlight Reports – Canada and Regional
- Housing Market Outlook, Major Centres
- Housing Market Tables: Selected South Central Ontario Centres
- Housing Now, Canada
- Housing Now, Major Centres
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- Monthly Housing Statistics
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